



U.S. Department
of Transportation

Federal Highway
Administration

Memorandum

Subject: **ACTION:** Michigan Fixed Price Variable
Scope Contracting under Special
Experimental Project No. 14 (SEP-14)

Date: January 5, 2017

From: /S/ Peter J. Stephanos
Director, Office of Program Administration

In Reply Refer To:
HIPA-30

To: Russell L. Jorgensen
Division Administrator
Lansing, Michigan

This memorandum is in reference to a November 30, 2016 email from Jeffrey Forster of your office, which transmitted a Michigan Department of Transportation (MDOT) workplan, dated November 14, under Special Experimental Project No. 14 (SEP-14) for Fixed Price Variable Scope Contracting. MDOT anticipates that at least twenty (20) ITS/ Environmental Sensor Station (ESS) sites and the Fiber Optic Network can be installed with this funding level; with the possibility of constructing an additional three (3) ESS sites. The project is located at various sites within Muskegon and Ottawa Counties in the Grand Region.

This contracting method will allow MDOT to maximize the greatest amount of work with a budget not to exceed \$4,000,000. The successful proposer will be selected on a best-value basis considering their prices for various sections which are prioritized by increasing scope. The successful proposer will provide the lowest price for the section that represents the greatest amount of scope. Bids greater than the \$4,000,000 budgeted amount will be considered non-responsive.

The MDOT's workplan and proposal to perform a single initial/evaluation are satisfactory. The evaluation should address industry reactions to the use of this concept as well as the effectiveness of this contracting technique in meeting the projects goals. You may consider this project approved for evaluation under SEP-14.

Thank you for the opportunity to review and comment on this SEP-14 request. Should you have any questions, please contact John Huyer at (651)291-6111 or Gerald Yakowenko at (202) 366-1562.